

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
Grays Harbor County, Washington
January 1, 1995 Through December 31, 1995

Schedule Of Federal Findings

1. The Housing Authority Should Comply With Housing And Urban Development (HUD) Requirements

During our audit of the Housing Authority of Grays Harbor County we noted the following violations of HUD policies:

- Quality control reinspections are not being performed correctly. The "reinspections" are done at the same time as the initial inspection. No log is maintained and there is no determination or documentation that at least 5 percent of the units have been reinspected.
- Numerous Section 8 and Low Rent reports were not submitted to HUD in a timely manner. Section 8 forms HUD-52672, 52673, and 52663 were submitted 20 days late for 1995 and 4 months and 30 days late for 1996. Section 8 annual financial statements HUD-52681 and 52595 were submitted 4 months and 9 days late for 1995. Low rent annual financial statements HUD-52595, 52596, 52598, 52599, and 52266 were submitted 4 months and 9 days late for 1995. Low Rent operating budget forms HUD-52564 and 52723 were submitted 1 month and 16 days late for 1995 and 1 month and 23 days late for 1996. Low Rent TARS report HUD-52295 was submitted 5 months and 5 days late for 1995.

Per HUD Handbook 7420.7 CHG 3, Chapter 5, Section 12b.:

... the PHA must establish procedures for reviewing a sample of completed inspections. The reinspection by a supervisor of a random sample of 5% of the approved units is required.

Due dates of most reports are established by HUD in its guidebook entitled *Public and Indian Housing Low Rent Technical Accounting Guide*.

The conditions noted above appear to have been caused by a number of factors including: turnover in management personnel, shortage of staff, lack of training, the contracted accountants not performing in a timely or accurate manner, and HUD not providing budgetary data in a timely manner.

We recommend quality control inspections be performed on a random sample of at least 5 percent of the rental units. A record of those units inspected should be maintained as evidence this HUD requirement is being met.

We further recommend a calendar of required report due dates be maintained for each federal program. The executive director should monitor this calendar to assure federal reporting requirements are met.

2. The Housing Authority Should Improve Its Internal Controls And Record Keeping Procedures

During our audit of the Housing Authority of Grays Harbor County, we noted the following internal control weaknesses and deficiencies:

- Units under lease, as recorded on the Schedule of Administrative Fees and Hard-to-house Fees Earned, did not agree with the HAP Register for eight of the last twelve months. This has been a finding or criticism for the last three years.
- No general ledger has been prepared for 1996. Not all receipts and disbursements have been input to the Lindsey system (HUD subsidies and drawdowns, interest income, etc.). No double entry accounting system exists at this time.
- No bank reconciliations have been prepared for 1996.
- The number of occupied units reported on the Report on Occupancy for Public Housing (HUD-51234) as of June 30, 1996, did not agree with the rent register for four out of eight projects.
- No subsidiary ledger of repayment agreements has been maintained. Balances under formal repayment agreement per the TARS report do not agree with supporting documentation. Total tenant accounts receivable per the TARS report do not agree with the rent register.

These problems appear to be the result of several factors including: a shortage of personnel, lack of training, difficulties with the contracted accountant, and the pulling of numerous accounting functions in-house.

Without proper internal controls and adequate accounting procedures neither the housing authority, HUD, nor the public can be assured assets are properly recorded and accounted for.

We recommend the housing authority maintain a general ledger and supporting subsidiary ledgers. We also recommend underlying documentation be reviewed and corrections made to assure the documentation agrees to reports sent to HUD. We further recommend receipts and disbursements be input in a timely manner and that bank reconciliations be performed regularly and promptly.